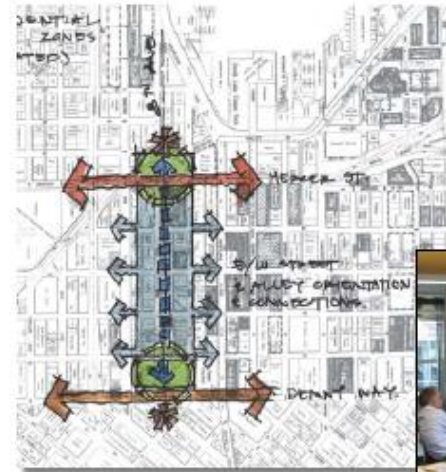


SOUTH LAKE UNION REZONE LEGISLATION



History

- 2004 Designated an Urban Center Rezoning to “Seattle Mixed”
- 2007 New Neighborhood Plan
Streetcar Opens
Amazon Rezoning
- 2008 Urban Design Framework and EIS Alternatives
- 2010 Urban Design Framework Complete
- 2012 EIS Complete
Proposed Rezoning Submitted to Council



SLU Legislation

- Revised Height, Bulk and FAR
- Rezone of IC zoned properties to SM
- Revised Development Standards
 - ▣ Tower Controls
 - ▣ Street-level activation
 - ▣ Parking, etc.
- Incentive Zoning Provisions
 - ▣ Commercial and Residential Incentive Programs
 - ▣ Landscape Conservation and Local Infrastructure Program (“TIF for TDR”)
 - ▣ Incentives for Preservation of Landmark Structures

Incentive Program Background

- Incentive zoning 2009 direction
- Public Benefit Priorities Identified during UDF
 - ▣ Community Center
 - ▣ Public Space and Streetscape
 - ▣ Landmark Preservation
 - ▣ Housing Preservation
 - ▣ Green Building
 - ▣ Reduced Overwater Coverage
- Zoning Proposal Developed
- Incentive Program Developed

Incentive Program Summary

- Height increases are through an incentive zoning process
- Developers can generally use existing development regulations without participation in incentive zoning
- Additional Historic Preservation Incentives

Public Benefits Structure

—Base FAR —+—Extra FAR—	Affordable Housing + <i>Child Care</i> <i>(commercial only)</i>	Regional TDR
	LEED & TMP req for extra FAR	
	No public benefit requirement	

Minimum Requirements

- ❑ LEED Silver certification
- ❑ Transportation Management Plan
- ❑ Energy Management Plan

Affordable Housing

- Consistent with Council-established framework in section 23.58A
- Options: On-site performance, Off-site performance, Payment-in-lieu
- Housing TDR also allowed for commercial uses
- \$45 million affordable housing investment over 25 years

Child Care



- For commercial developments only
- Consistent with Downtown program
- \$3.4 million child care investment over 25 years

Local Infrastructure Project Areas

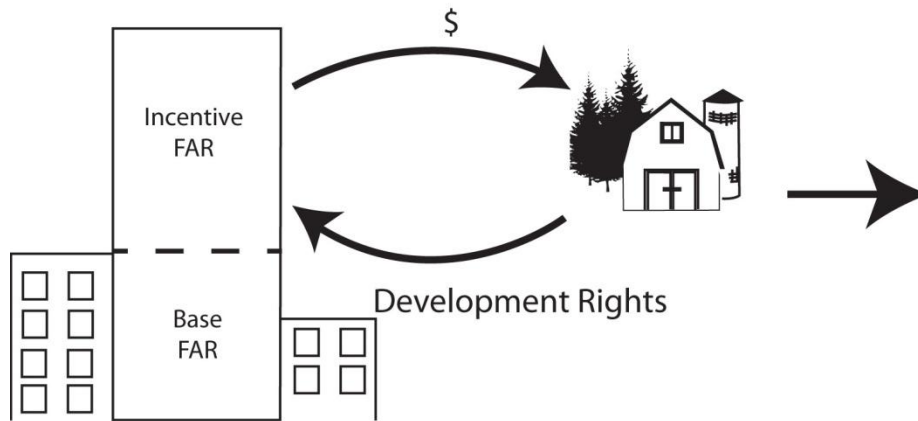
- State Legislature established Local Infrastructure Project Areas program in 2011
- Also known as “TIF for TDR”
- Allows cities to get funding for local infrastructure improvements where they also engage in regional Transfer of Development Right (TDR) programs

Nature's Last Stand Farm

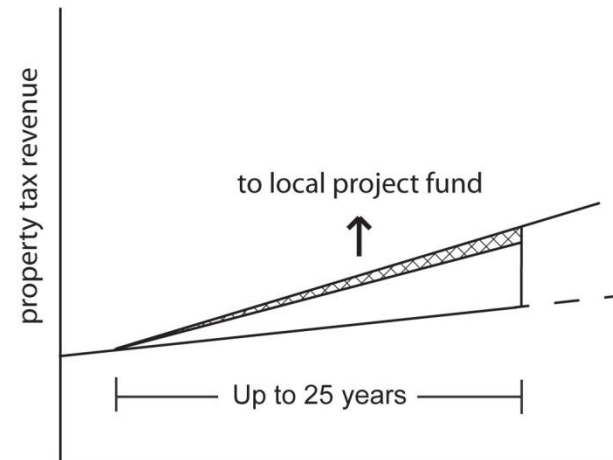


How it works

- ① Developers purchase development rights from farm and forest land as part of incentive zoning.



- ② Portion of city and county property tax from new development goes to local projects



State Requirements for LIPA

- Must include farm, forest, and designated rural lands in King, Pierce, and Snohomish but prioritization is allowed
- Seattle Program must be sized to be able to receive 688 credits over 20 years
- Length of Program
 - ▣ 10 years minimum
 - ▣ 15 years if 50% of TDR received in 9.5 years
 - ▣ 20 years if 75% of TDR received in 14.5 years
 - ▣ **25 years if 100% of TDR received in 19.5 years**

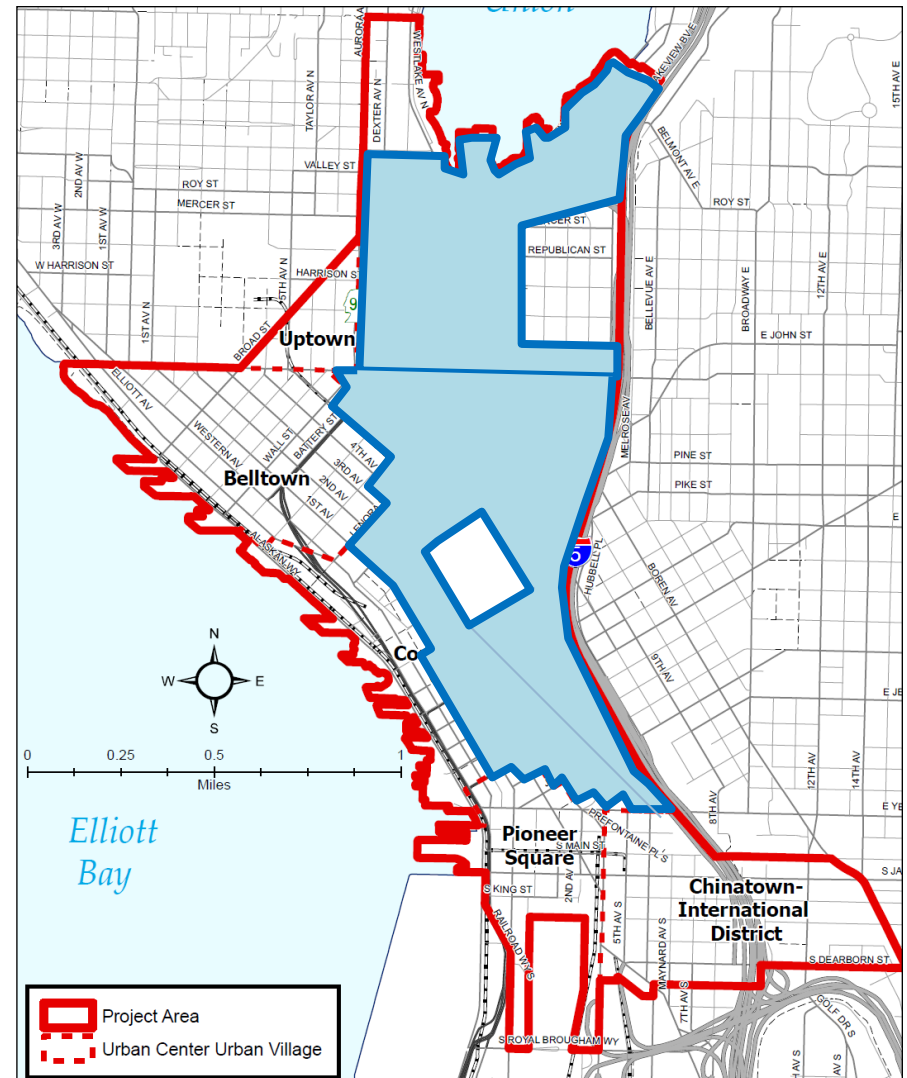
Financial Analysis

- Heartland/BERK/Forterra consultant team
- City-wide opportunities analysis
- Goal of ensuring program produced local benefits equivalent to traditional program
- Developer cost assumed to be consistent with traditional program
- SLU + Downtown only viable option

Cooperation with King County

- Key partner in assessment and implementation
- TDR bank provides critical monitoring & market liquidity functions
- Risk sharing agreement
 - ▣ County will agree to hold TDR in order to meet thresholds if City is within 70% of threshold goal
- Interlocal Agreement will formalize partnership

- Revenue Generation + Project Area in Red
- Incentive Area in Blue
 - ▣ In SLU + BDA, all non-housing benefits to regional TDR
 - ▣ In Downtown, expired LEED increment to regional TDR



Program Implementation

- Zoning determines extra floor area and amount met through regional TDR
- Exchange Ratios determine the amount of regional TDR required
- Developer can purchase direct from landowner or from TDR bank
- Local infrastructure funds start as projects go on tax roll
- Amount and type of TDR received will be monitored over time
- Exchange ratios will be adjusted to met goals

Exchange Ratios

- Establishes amount of TDR needed to achieve extra floor area
- Varies by type of TDR to adjust for price differences and city priorities - eg. farm vs. forest lands
- Will be updated over time consistent with specified goals
- Initial “Farm First” strategy for first 200 credits
 - ▣ Necessary to develop market for farm TDR
 - ▣ Prioritize farm preservation consistent with Reso 31147
 - ▣ Critical for King County Partnership

Exchange Ratios

Type of TDR acquired	Extra Floor Area Gained per Credit (Exchange Ratio)	
	Commercial	Residential
King County Farm credits	1120	1640
King County Forest or Rural credits where proceeds are reinvested in Farm credits	1030	1500
Pierce County Farm credits	290	420
Snohomish County Farm credits	670	980
Pierce & Snohomish County Forest credits where proceeds are reinvested in Farm credits	590	860

Benefits

- Provide \$27.5M in flexible funds for local infrastructure projects (2012 dollars)
- Conserve 25,000 acres of working farms & forests
- Limits sprawl
- No impact to City's General Fund



Initial Project List

Revenue Years	Agency	Estimated Total Revenue (2012 Dollars)	Proposed Projects by Area	
			South Lake Union	Downtown
0-10 years	SDOT	\$2.9M	<ul style="list-style-type: none"> • Green Streets (Thomas, 8th, Terry) • Bike, Pedestrian, and Transit Improvements 	<ul style="list-style-type: none"> • 3rd Avenue Improvements (Capital Projects & Programs)
11-20 years	Parks	\$7.8M	<ul style="list-style-type: none"> • Community Center • Park Improvements and Acquisitions 	
21-25 years	SDOT	\$5.0M	<ul style="list-style-type: none"> • Transportation Improvements – specific improvements to be determined later 	

LIPA Next Steps

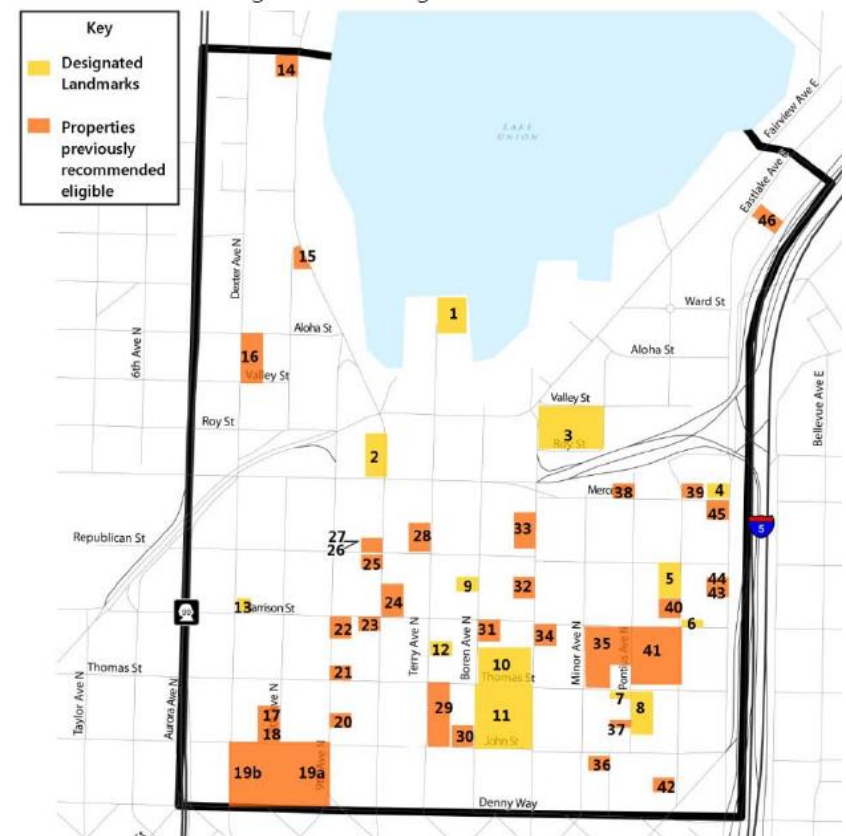
- Council adopts SLU Rezone
- King County adopts Interlocal Agreement
- Council adopts Implementing Legislation
 - ▣ Interlocal
 - ▣ Project Area
 - ▣ Project List
 - ▣ Size of Program



Rendering of future 8th Avenue

Historic Preservation Background

- 12 landmarked buildings
 - ▣ 7 in Cascade / outside core rezone area
 - ▣ 3 are undergoing protection
 - ▣ Remaining 2 in Fairview blocks
- 31 potentially eligible buildings
- Key Challenge: How to encourage preservation and leverage opportunity of LIPA program?



Currently Proposed Incentives

- Landmark structures exempt from FAR calculations
- Bonus 0.5 FAR for preservation of Landmark structures on Fairview blocks
- Increased tower floor plates for preservation of Landmark structures on Fairview blocks
- Landmark TDR required to achieve extra floor area until the LIPA program is established
- Housing TDR accepted to preserve older “red-brick” apartment buildings

Potential Additional Incentives



- Extend 0.5 FAR bonus to any lot preserving a landmark structure (bonus limited to amount of floor area in landmark structure)
- Waive ground floor open space requirement that is also being considered by DPD for properties with landmark structures